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ABSTRACT

Insights into Consumer Issues is one of a group of educational publications and teaching units that J.C. Penney provides for consumer educators as a public service. This folder illustrates that although computerized processing of personal information has brought considerable convenience, the potential risk to personal privacy is of increasing concern. Specific areas of concern are: the amount of information requested, depersonalization of decision-making, increased access to information, greater potential for error, storage of outdated information, and complexities of technological innovation. The folder contains a teaching unit with fact sheets on (1) privacy from the perspectives of consumers, business, and government, (2) early methods of record-keeping, (3) recommendations to maximize fairness and to fulfill expectations of confidentiality, (4) advantages of the electronic funds transfer system, (5) recommendations to minimize intrusiveness, (6) the six federal privacy acts, and (7) privacy commission recommendations. Also included are a ten-frame filmstrip with separate printed commentary, six activity sheets for individual, small, or large group use and community outreach, two scripts, one and a half to two and one quarter minutes in length for radio or television, and an expository poster, 20" by 30". The filmstrip and poster are not available through the ERIC Document Reproduction Service. (DL)

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Personal Privacy in an Information Society: What are the Trade-Offs? Insights into Consumer Issues.

J. C. Penney Company, Inc. New York.

Insights into Consumer Issues.

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC) AND USERS OF THE ERIC SYSTEM."

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"Can my computerized records be vandalized?"

"Can my daily activities be monitored through the records of information I create when I'm involved in computerized transactions?"

"Will an error in personal judgment recorded in my file follow me for my entire life?"

"What can I do to insure my privacy in this age of electronic record-keeping?"

Personal Privacy in an Information Society: What are the trade-offs?

Bank credit cards, instant credit checks, faster tracking of stolen cars, cross-country transmission of medical records, twenty-four hour cash machines—all brought to us by computer processing of personal information. It is hard to imagine how we survived through less efficient methods of record-keeping. Today it is possible to pay all your bills, rent a car, make purchases, dine out and obtain cash at any time of day or night without ever seeing your paycheck. In some locations it is already possible to have payment for purchases electronically transmitted from your bank to the store at the time you shop. Government researchers are quickly able to identify the needs of certain groups of individuals by analyzing federal storehouses of personal information. You can receive notices of special offers and sales on items determined to be of possible interest to you through a computerized analysis of personal data you've supplied to a merchant. Computerized processing of our personal information has brought us considerable convenience. While consumers value this convenience, the potential risk to personal privacy is becoming an increasing concern.

Areas of Concern

The unfortunate experience of individuals who have been affected by inadequacies in privacy protection have focused on several major areas:

1. Amount of Information Requested

More information is now requested on any form filled out than has ever before been collected. In the past, it was cheaper to require only essential information because office workers were paid to maintain records. However, computers process information so quickly and cheaply it is a minimal burden to request more.

Example: Compare the amount of information requested on a 10-year old IRS form to an IRS form in current use. The newer forms require much more information.

2. Depersonalization of Decision Making

Decisions are increasingly made on the basis of the information content in personal files, rather than in face-to-face meetings. It is possible for records to present a somewhat different image than one would present personally, even when exactly the same information is under consideration. Services may, in fact, be denied on the basis of incorrect or missing information.

Example: A buyer, who made a down payment on a house, had to file a lawsuit to regain the money when the seller defaulted on their contract. Three years later, when the buyer attempted to purchase another home from a different seller, the bank declined the buyer's application for a mortgage because the buyer's credit file mentioned the lawsuit. The buyer provided information to the credit agency which revealed that the lawsuit had nothing to do with the buyer's ability to repay a loan.

3. Increased Access to Information

Information stored in computer files can be distributed over a wider network of people who will share the contents of the record.

Example: If an employer sends a paycheck, upon request, directly to the bank, the bank may have access to information on the pay stub, such as deductions for union dues or credit union payments. Use of an electronic funds transfer system (EFTS) between store and bank can result in a bank record of where money is spent and purchases made. This type of information might be sent to a credit-reporting-agency. Businesses who purchase credit report agency services would then potentially have access to information about salary, deductions and spending habits. For instance, does a lawyer have the right to research the professional background and personal inclinations of jurors, then use this investigative information when preparing the defense or prosecution of a client?

4. Greater Potential for Error

Information can be incorrect because of human or technological error. Computerized files contain information which will be interpreted by individuals with whom they are probably not personally familiar. For this reason, it is vitally important that records be kept accurate. Many individuals have been initially denied credit because their records have not given an adequate impression of them. Some mistakes with new technologies are, of course, unavoidable. But larger issues of personal privacy are raised by the problems with electronic record-keeping.

Example: People who key punch information into computers can make mistakes. An overdue payment of $100 might be inadvertently recorded as $1000, or information stored in a computer code could be translated inaccurately.

5. Storage of Outdated Information

Information can be stored in investigative reporting files that might be considered irrelevant to present circumstances.

Example: A consumer investigative report might read: "arrested, convicted-felony, sentenced-penitentiary." Anyone examining such an employment applicant might view this person in a negative light. However this kind of information might apply to a newspaper reporter who refused to divulge sources of information or a union leader jailed for disobeying a back-to-work order.

6. Complexities of Technological Innovations

Concerns that can affect large numbers of individuals occur when technological capabilities exceed what consumers and lawmakers expect might happen. For instance, who would have been able to anticipate problems with computer security?

Example: One individual was able to crack the computer code of a major financial organization to transfer large sums of money illegally between certain accounts.

These concerns lead to the question:

Are the services received in exchange for items of personal information worth the potential loss of control over personal data?

Fortunately, most organizations are concerned with protecting information privacy. Yet, many important questions remain:

- When should individuals be able to see and copy their records?
- Which records can be corrected or amended?
- How can access to private information be controlled?
- Will records of information be used only for the specific purposes for which they were originally intended?
- Do employers ever have the right to see medical histories?
- What information can be sold for marketing purposes?
- When can federal agencies exchange information on individuals?

The major issues of information privacy can be sumarized in three statements:

- minimize intrusiveness
- maximize fairness
- assure confidentiality

Privacy Legislation

In the last ten years, the following major steps have been taken to help protect the individual's privacy rights.

1. *The Freedom of Information Act* was passed in 1966 to provide citizens with the right of access to and the right to receive copies of any document, title, or other record in the possession of any executive agency of the Federal Government. There are nine exempted areas from which access to information by individuals and organizations is not permitted. One of these nine exemptions denies citizens access to personnel files, medical files and documents collected for law enforcement purposes. In other words, you may not receive copies of another person's files, nor may any person or record-keeping organization be allowed to see the Federal Government's files on you. Under the Freedom of Information Act, you have no right to receive copies of your own files. However, government agencies are allowed to voluntarily disclose information to you from your own records.

2. *The Fair Credit Reporting Act* was passed in 1971 to help strike a balance between the rights of individuals to personal privacy and the rights of organizations to obtain enough information to evaluate their applicants. Prior to the Fair Credit Reporting Act, individuals had no

protection against the collection and circulation of inaccurate or obsolete information. The Fair Credit Reporting Act prohibits credit-reporting agencies (sometimes called consumer reporting agencies) from reporting negative credit information more than seven years old and bankruptcies more than fourteen years old, unless credit is requested for more than $50,000. The law attempts to prevent the individual from being judged for past failures that have been corrected.

The credit-reporting agency has the obligation to disclose the information in your file to you, upon your request and provides you with the right to be informed about others who have seen the information in your file. Individuals may find this right valuable if they are denied credit. If you believe that some of the information in the report in not true, you have the right to request that the agency reinvestigate the possible discrepancy. They can only refuse to do so if they believe the dispute in question is "frivolous" or "irrelevant." If the information is proven inaccurate, the law requires that it be corrected. If the agency cannot prove the truthfulness of the information, the law requires its removal from your file. If a change is made, the agency must notify those who have received a copy of the credit report in the previous six months. If you and the agency don't agree, you have the right to include your own statement about the dispute in your records. The agency must include a copy of this statement with every report it sends out concerning you, if you request them to do so.

Under the Fair Credit Reporting Act, if you are applying for a job or promotion, the employer must inform you if a report on your background is requested from a credit reporting agency. If you are denied credit, insurance or employment on the basis of information contained in such a report, you must be informed and given the name and address of the agency that holds the information. If a credit reporting agency fails to obey the Fair Credit Reporting Act, you have the right to sue them. If you win, the agency must pay you damages and legal fees.

3. *The Family Educational Rights and Privacy Act*, also known as the Buckley Amendment, was passed in 1974. This act permits parents to have access to their children's school records and gives students over eighteen years old the right to see their own records. The parents' or students' permission is now required before information in school records can be given to outsiders.

Principles of Fair Information Practices

In 1971, the Secretary of Health, Education and Welfare appointed a committee to study concerns about individuals' rights to see and control access to their files. The committee report published in 1973, *Records, Computers, and the Rights of Citizens*, has become known as "the Bible of the privacy movement" because it contained guidelines that were used to write the Privacy Act of 1974. These guidelines, called the "Principles of Fair Information Practices," indicate that:

1) Records of personal data must not be kept secret.

2) There must be a way for individuals to find out what information is in their records and how it is used.

3) There must be a way for individuals to prevent information obtained from them for one reason from being used for a different reason without their permission.

4) There must be a way for individuals to correct or explain information in their records.

5) Organizations which keep and use records of information must make sure the information is true and prevent it from being misused.

4. *The Privacy Act*, passed in 1974, requires the Federal Government to protect its files on individuals from unauthorized access and misuse. For example, if a prospective employer wishes to see your tax returns, their release would not be authorized because your rights are protected from such intrusions under the Privacy Act.

The Privacy Act also gives individuals the right to know the contents of their own files. For example, if you were arrested for "disturbing the peace" in the 1960's because your were part of an organized civil rights march, you have the right to check whether this information has been recorded. Prior to 1974, under the Freedom of Information Act, individuals could not compel governmental agencies to disclose information in their personnel and medical files. Passage of the Privacy Act rectified this situation.

Only federal files are regulated under the Privacy Act. When the Privacy Act went into effect, no controls had yet been passed to protect an individual's privacy rights in businesses, credit bureaus, medical centers, legal firms, or state and local government agencies.

Because of the concern for privacy regulation in the private sector, the "Privacy Protection Study Commission" was established by Congress to study privacy protection needs in private, state and local organizations. *Personal Privacy in an Information Society*, The Commission's report, was released in 1977 with 162 recommendations for privacy protection applicable to banks, credit bureaus, insurance companies, employers, educational institutions, hospitals, etc. The major recommendations of the Commission are explained on an "Issues and Information" sheet in this package.

5. *The Tax Reform Act*, passed in 1976, extends the Privacy Act to:

1) Limit IRS disclosure of an individual's tax records to unauthorized persons.
2) Require that taxpayers be informed anytime their tax records are summoned from the IRS by a third party. The Tax Reform Act does not, however, restrict disclosure of an individual's 1040 form.

6. *The Fair Debt Collection Practices Act* outlaws certain abusive practices against consumers who suddenly find themselves unable to pay family and household debts, such as car payments, medical care and charge accounts. The parts of this law which apply to personal privacy state:

1) Collectors may not apply harassment by repeatedly calling the same debtors.
2) Collectors may not harass debtors by calling them at work.

The Future of Privacy Legislation

Some of the suggestions that have been embodied in legislative proposals extend the "Five Principles of Information Practices" (which apply only to files in the Federal Government), to cover private, state and local organizations. They state that:

1) There must be a clearly established need for information before it is collected.
2) Information must be collected fairly and honestly.
3) Individuals must have the right to see their files and know who else has access to them.
4) The ability of government agencies to collect information must be authorized by law and restricted.
5) The Social Security number is to be used only by the Social Security program, or where specifically required by federal law, not as a number to identify individuals in other types of records.
6) A Federal Privacy Board is to be established to manage these guidelines.
7) The use of polygraph, or lie-detector tests is to be restricted.

Privacy Rights and Responsibilities

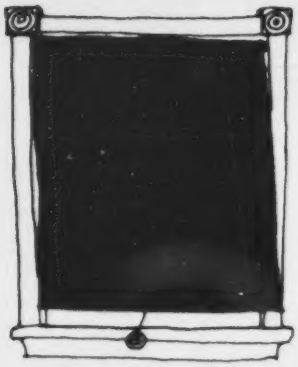
When two people meet, they exchange some basic data about themselves. As their relationship grows they exchange increased amounts of personal information. During the time they get to know each other, they have the opportunity to correct any false impressions they have given of themselves to each other. If one individual "gives away" any personal information about the other, the other individual has the right to continue to give more information, decide to withhold personal thoughts and actions, or break off the relationship entirely.

Once an individual establishes a relationship with a record keeping organization, there may be relatively little opportunity for control over the accuracy or use of the information recorded.

Privacy laws are created and enforced in response to the efforts of individuals to protect their rights. *Before entering into a record keeping agreement, an individual should learn to ask some important questions:*

- Which information am I required to give and why must I give it?
- How will the information be used?
- Who will see it?
- Will I be able to control its accuracy?

Only after having asked and answered these questions satisfactorily will an individual be able to conclude if the information trade-off is worth the services received in return.



WHO KNOWS WHAT?

OBJECTIVES

1. To identify the information needs of record-keeping organizations.

2. To compare information requests of specific organizations with personal data individuals may be willing to share.

PROCEDURE

1. Duplicate and distribute "Who Knows What" activity sheet.

2. List the organizations to whom you have given personal information.

3. Think about the kinds of personal information requested by these organizations.

4. For each organization check each kind of information requested on the chart. (The group may wish to suggest other information categories.)

5. Ask groups to share information from their charts with others to help complete lists.

6. Go back to the boxes in which you have placed a check mark. Place a question mark over the check if you think you would be unwilling to share that information again.

7. Group organizations suggested by the participants into categories (i.e., banks, schools, employment, etc.).

8. Categorize information by asking, "What kinds of information are needed by specific organizations?"

As another kind of activity, some educators may wish to have the group rank order the following items of frequently requested information.
Number the following statements from 1-12 in the order in which you are most willing to share information. Number 12 should be the type of information you most object to giving to record-keeping organizations.

_____ Age?
_____ Your occupation?
_____ Country of citizenship?
_____ Do you own or rent?
_____ Personal income?
_____ Income of spouse, if married?
_____ Number of years living in same location?
_____ Condition of health?
_____ Do you have a handicap?
_____ Name of financial organization managing your loan?
_____ Have you ever been rejected for credit?
_____ Have you ever been convicted?

Willing individuals can report on their major concerns and a list of group concerns can be identified.

WHO KNOWS WHAT?

Record-keeping organizations each have a variety of information needs necessary to provide individuals with goods or services. It is useful to recall what information certain organizations find necessary to store in their files.

1. List organizations which have requested personal information in exchange for their services.
2. Place a check (√) under each item of information you can remember giving to the organizations you listed.
3. Consult your records, other people or the organizations to discover any information you may have forgotten.

Organization	Name	Address	Age	Sex	Occupation	# of years in same location	Social Security #	Health	Handicap	School Records	Religion	Political Affiliation	Credit Rejection	Arrest	Conviction	Marital Status	Spouse Name	Spouse Occupation	Spouse Income	# Of Children	Father's Name	Father's Occupation	Mother's Name	Mother's Occupation			
Example: Ace Food Mart	√	√			√								√				√	√		√							
City High School	√	√	√	√				√	√	√					√	√	√				√	√	√	√			

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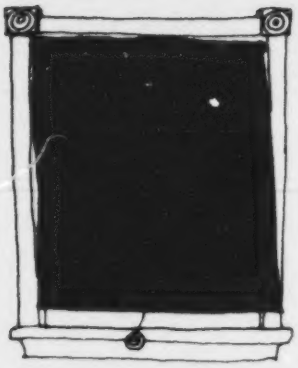

WHO NEEDS WHAT?

OBJECTIVE

To prepare an application or form in order to identify and support the need for specific information requests.

PROCEDURE

1. Duplicate and distribute copies of the blank application.

2. Divide the group into small groups of 2-5. Each group will select an institution or organization and develop a model form or application for it. Groups might choose to develop a form and/or application for a hospital, a bank, an employer, a retail store, etc.

3. Have each small group work together on their model to identify the specific information requests they believe provide a balance between the organization's information needs and consumer needs for privacy protection.

4. Have a spokesperson from each small group explain to the large group which information needs they have identified for their specific organization.

5. Between reports or after all the reports have been given, give group members the opportunity to ask questions or make comments on what other small groups have developed.

6. Share some application forms with the group. Group members can compare their application form with the real items. A discussion of the group forms and the real forms might include the following questions:
   - What are the differences in kinds of information you think organizations need, and the actual information requested?
   - Why are specific information requests made?
   - What kinds of information requests are forbidden by law?

7. Suggest that groups switch roles from "information providers" to "information collectors." From the point of view of the organization represented on their form/application, have each group determine whether, in their opinion, the information collected on the form is adequate to make an evaluation of an individual for the purpose intended.

8. Some educators may wish to make arrangements to meet with representatives of local organizations to discuss reasons for their information requests. What procedures do organizations have for evaluating applications?

WHO NEEDS WHAT?

1. Fill in the name of the organization at the top of the form.

2. What *kinds* of information do you need for your organization's purposes? Fill in the *kinds* of information you will request on the application form shown below.

(Name of organization)

1.

2. 3.

4.

5. 6.

7. 8.

9.

10.

11.

12.

13.

14.

15.

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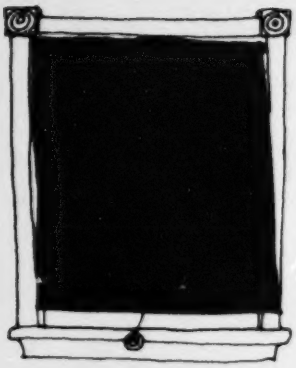


COMMUNITY DIALOGUE

OBJECTIVES

To consider the impact and implications of the privacy issue on individuals and record-keeping organizations.

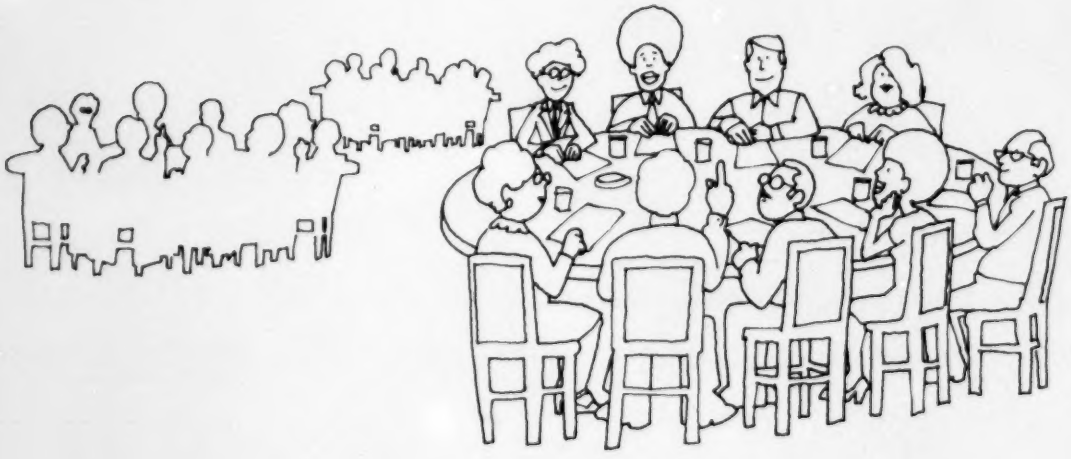
Major decisions which affect privacy rights are currently being made. As a new learning activity, an educator may wish to bring community leaders and consumers together for a lively discussion of the issues involved in personal privacy protection to stimulate awareness of the dimensions of the issue.

PLANNING

1. Invite people with different points of view who are engaged in differing aspects of the privacy issue.

2. Duplicate and mail the "Privacy Concerns" information sheets to participants to help them prepare for the meeting.

Suggested Participant	Area of Concern
School Admissions Officer (college) or Guidance Counselor (high school)	Educational Records
Credit Manager—local department store	Charge Accounts
Personnel Manager—local employer	Employee Records
Hospital Records Manager	Medical Histories
Lawyer—business or government	Privacy Legislation
Computer Specialist	Information Processing
Consumer Advocate	Consumer Concerns
City Records Manager	Municipal Government Perspectives
State Records Manager	State Government Perspectives
Federal Representative	Federal Government Perspectives
Chamber of Commerce Representative	Business Perspective
Moderator	Chairperson



PROCEDURE

1. Be sure to arrange the room for small group discussion (8-10 people in each group). Provide paper and pencil.

2. Ask participating specialists to sit among the groups.

3. You might begin the meeting by asking all participants to complete this sentence and then take some time to share their thoughts with one person: Personal privacy is _____

4. Have the two people share their thoughts with another pair. Then, have each group of four join another group at a table, or form a circle for discussion.

5. Have each group (including the specialists) list three areas or questions related to personal privacy of concern to them.

6. Have a spokesperson for each group share the groups concerns with everyone. Record concerns on a flip chart or a chalk board, etc., visible to all. (Limit reporting to about 10 minutes—as concerns become repetitious, you might ask for any group with other concerns to speak up.) See where similarities exist on the concerns list and develop an agenda based on priorities of concern for the total group.

7. Begin the dialogue by asking specialists to respond to listed concerns from their perspectives. Allow time for general group participation.

8. **Follow-Up**
   —Organize a "study group" to further investigate an area of concern and report back.
   —Ask the opening question again— Personal privacy is _____
   You may wish to have participants share their views and/or ask for a show of hands for those who have altered their statements.

COMMUNITY DIALOGUE

Privacy Concerns

Before participating in the community dialogue, you might want to be thinking about your possible responses to the following questions.

1. How do you define "personal privacy in an information society"?

2. What do you see as a major privacy issue today?

3. What changes have you seen in the ways information collected on individuals is obtained, processed and stored?

4. What questions about privacy related issues do consumers ask the most?

5. How do the following affect your organization's relationship with privacy protection?

   The Freedom of Information Act
   The Fair Credit Reporting Act
   The Family Educational Rights and Privacy Act
   The Privacy Act
   The Fair Debt Collection Practices Act
   The Principles of Fair Information Practices

6. What steps is your organization taking to help protect the privacy rights of individuals?

7. Do you see a need for further privacy legislation? If yes, in what areas?

8. What can consumers do to protect their privacy rights?

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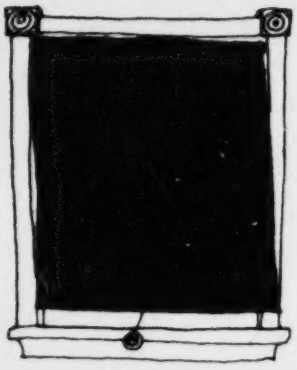


SIDEWALK SURVEY

OBJECTIVES

To determine community level of awareness of an individual's rights to privacy protection.

To further clarify participants' perspectives on privacy issues through insight gained in the community survey experience.

PROCEDURE

1. Duplicate and distribute copies of activity sheet "Sidewalk Survey."

2. Explain the basic function of a credit bureau: credit bureaus serve an exchange purpose between individuals and organizations. Private information is maintained by the credit bureaus for use by credit grantors in determining whether credit is to be granted.

3. Review possible questions and procedures for the survey listed on the activity sheet. You may wish to suggest that group members include or substitute questions or procedures of their own. Role-playing the interview may help group members feel more comfortable with this activity.

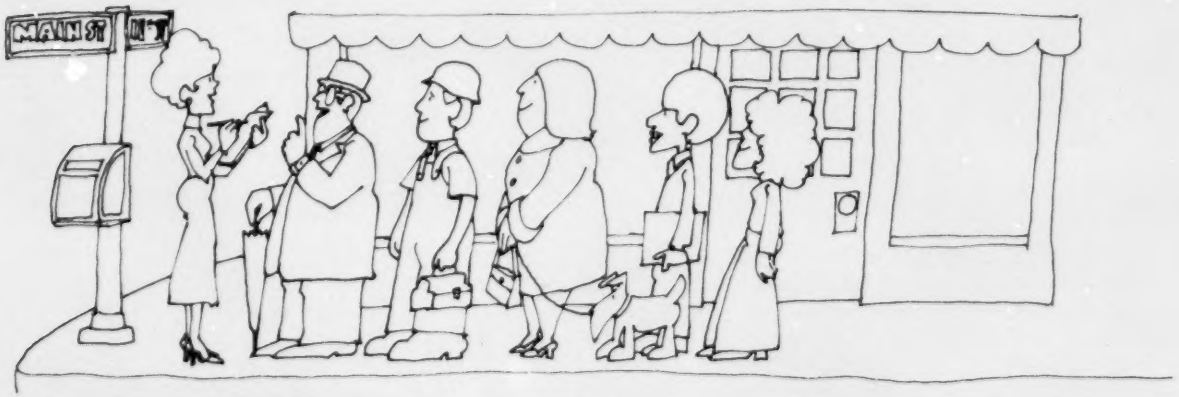
4. Suggest that the group divide into several teams of 2 or 3 and disperse to a variety of local areas to conduct their surveys. (Shopping centers may provide the best opportunity to find willing participants.)

5. Remind small groups to rotate responsibilities for asking questions and recording responses.

6. Keep track of the numbers of people who refuse to be interviewed. Did those who refused to be interviewed feel that the questions are an invasion of their privacy?

7. After the surveys are completed, have groups meet together to compile the results of the surveys.

8. Consult answers and follow-up questions for each item listed on the "Sidewalk Survey" activity sheet on the reverse side.



SIDEWALK SURVEY

When approaching an individual to ask the survey questions, you may wish to begin by completing the following statement:

"Hello, we are conducting a sidewalk survey through (name of your association) to discover what community members may be able to identify about their privacy rights in relationships with credit bureaus. Would you mind answering a few brief questions of an impersonal nature?"

1. What information does a credit bureau usually store on most individuals?
   a. ☐ records of monthly payments on charge accounts
   b. ☐ salary
   c. ☐ status reports on charge accounts and loans
   d. ☐ other:
2. Where does a credit bureau usually obtain information on individuals?
   a. ☐ stores and banks where credit is already established
   b. ☐ employers
   c. ☐ government agencies
   d. ☐ other:
3. When do organizations usually request information from an individual's file?
   a. ☐ when a charge account is closed
   b. ☐ when a loan or charge account application is made
   c. ☐ when taxes are paid
   d. ☐ other:
4. How do individuals obtain access to their credit files?
   a. ☐ ask store or bank where credit is established to send report
   b. ☐ write to Congressional representative for permission
   c. ☐ call or visit credit bureau
   d. ☐ other:

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(answers—follow-up questions)

1. Correct answer—*C:* "Status reports of charge accounts and loans."

Q. How is privacy protected through credit bureaus not handling information on income and monthly payments?

A. Helps minimize the number of sources recording information on how individuals spend money; helps prevent assumptions concerning lifestyle based on income.

2. Correct answer—*A:* "Stores and banks where credit is already established."

Q. How is privacy protected through confining credit records to credit-granting organizations?

A. Employer awareness of an individual's use of income is minimized; potential government control over individual's lifestyle through financial history is limited.

3. Correct answer—*B:* "When a loan or charge account application is made."

Q. How does the limitation of information requests by credit grantors, primarily at times when credit applications are received, help protect privacy?

A. The credit bureau primarily acts as a clearinghouse for good credit information, to verify the legitimacy of credit requests for financially stable consumers.

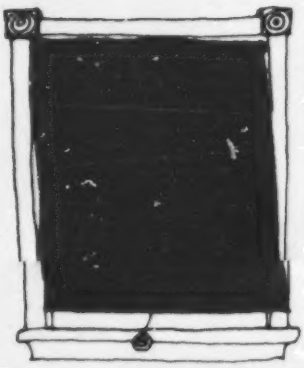
4. Correct answer—*C:* "Call or visit credit bureau."

Q. How does direct access to personal credit files help individuals?

A. When individuals feel the need to check the information in their files, or when credit is denied, the Fair Credit Reporting Act gives individuals speedy access to their own records so they can be helped to understand their credit situations.

9. As a follow-up activity, the educator might initiate discussion on these questions:

a. Were group members surprised by the survey results?
b. What information do group members feel strongly that citizens need to know?
c. How might members of the group communicate their "Sidewalk Survey" information to the community?
d. How has involvement in this survey affected individual perspectives on privacy?



PERSONAL PERSPECTIVES

OBJECTIVES

To identify personal perspectives on selected privacy related practices.

To consider implications and impact of privacy issues on individuals and organizations.

To determine personal action plan for involvement in this issue.

PROCEDURE

1. Duplicate and distribute copies of the "Personal Perspectives" activity sheet.

2. Ask participants to react to and complete each statement.

3. Have group members suggest other privacy related issues about which they may be informed, and have the groups react to those.

4. Ask group members to individually consider their concerns about each statement and rank them in order of importance.

5. Group members will probably have some insight into their beliefs on privacy issues after completing this activity. The educator can suggest that those who feel strongly about the privacy issue get involved in a way comfortable to them. Ask participants to complete this statement on their 'Personal Perspectives" sheet:

   My action plan for involvement in the privacy issue is _____

   _____

   _____

   _____

   _____

   _____

   _____

   _____

   _____

PERSONAL PERSPECTIVES

1. You read in the newspaper that the Fair Debt Collection Act has gone into effect. This act prevents bill collectors from continually calling the same debtor, especially at late hours, to collect an overdue bill. I think _____

2. An investigator from an agency visits you one evening to ask questions about your neighbor's personal life. I tell the investigator _____

3. A neighborhood couple stops by to inform you that an investigator visited them to ask questions about you. I ask my neighbors _____

4. You request that your name not be placed on the mailing list of a certain department store for personal privacy reasons. A few weeks later you learn about an important sale that took place since your name was dropped from their mailing list. I think I will _____

5. You have a gift sent to a relative, which you chose from a "special offer" you found in your mail. Later you learn that your relative's name has been added to the same mailing list and has been sent a copy of the same special offer, which includes the price of the gift. I am _____

6. Details of the business activities and personal life of a person prominent in the government have been published in a major news magazine. The article highlights some personal errors in judgment. It seems to me _____

7. You are told that you have been denied employment because you were once arrested for theft, although the charge was later dropped. My response is _____

8. Two years ago, you had an extended absence from your current job. You discover this is the reason you are denied the new job you applied for with a different employer. I intend to _____

9. You write to the Federal Government using the Privacy Act as a basis for an information request. The reply states that the information is not available to you because it is protected under one of the nine exemptions of the Freedom of Information Act. I _____

10. A major chain store in your area installs an electronic check-out system that automatically records your transactions; then it transfers the money for your purchases from your bank account directly to the store. I feel _____

This activity sheet may be duplicated in quantity.

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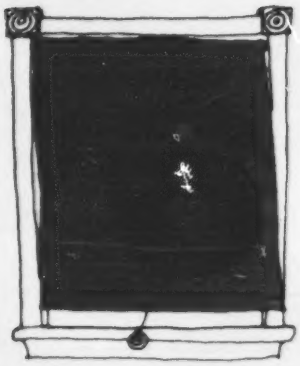

COMMUNITY FOLLOW-UP ACTIVITIES

1. Many individuals, as they attempt to trace the history of their families, tell of difficulties in obtaining enough information about their ancestors because so few records of their lives had been kept. Such was Alex Haley's experience when he was researching his book, *Roots*. Make an effort to discover the amount of recorded information you can obtain on your family background. The further back in history you reach, the more limited the information is likely to become. Then think about the amount of information that has been recorded on your life. One hundred years from now, where and what kind of information might your descendants discover about your life?

2. Visit some local merchants. Can you find any who allow customers to maintain somewhat unstructured credit accounts? For example, a dry cleaning establishment might allow customers to bring in several items, then pick them up separately as needed, then pay the bill when the last item is called for. A grocer might allow customers who stop in regularly to pay their bills at the end of the week. If you find a merchant who maintains a personalized system, conduct a brief interview on the merchant's record-management views.

3. To further understand the widespread use of computers in record keeping, study the "Help Wanted" section of your newspaper. Count the total number of jobs listed. What percent are computer-related?

4. Make a study of the various job opportunities that relate to privacy protection. Can a computer operator contribute to protecting the privacy rights of other individuals? How?

5. What, if any, laws has your state passed on the privacy issue? How can you get involved in privacy protection on the state or local level?

6. With the help of the librarian and the *Readers Guide to Periodical Literature*, locate a magazine article on the privacy issue in your library.

   A written report could include: 1) A summary of the article and 2) your opinion of its effectiveness in presenting the privacy issue. Share your ideas and concerns with others.

7. If you have access to portable video-tape recording equipment, a crew of 3 or 4 people can conduct sidewalk interviews by asking willing volunteers questions about the privacy issue.

   First, list the privacy concerns you think are held by individuals in your community. After the survey, compare community responses to your list of impressions of community concerns. The video crew could develop questions based on their own concerns, or use the following as a guide:

   Hello: We are from: (your organization) _____
   Today we are conducting interviews on the subject of "Information Privacy" for use in our _____.
   Are you willing to answer a few questions for us?

   1. How do you define privacy?
   2. How important is personal privacy to you?
   3. Have advanced techniques of collecting and storing information had an effect on the privacy of individuals?
   4. What steps can be taken to assure that the privacy of individuals will be protected in our "information society"?

   (People who do not wish to answer questions or be interviewed may be concerned with protecting their privacy.)

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Scripts for Radio or TV Presentation

Topic: Personal Privacy in An Information Society: What Are the Trade-Offs?

The following page contain 2 scripts suitable for radio or TV presentation.

- It is suggested that you identify yourself and your position before recording the script(s).

  Example: This is _____
  your name

  your _____
  title or position

- If you plan to use this issue of INSIGHTS INTO CONSUMER ISSUES as the basis for a program or presentation in your school or community, you may wish to mention the following at the end of the script(s).

  If you are interested in learning more about how to get involved in privacy issues, plan to attend a special session which will take place at

  _____
  name of meeting place

  at _____ on _____
  time day and date

- You may wish to use these scripts along with material about local consumer issues.

- Special Instructions for TV:

  It is suggested that the scripts not be read word for word. Visuals taken from the portfolio may be keyed into the scripts at appropriate points.

  The poster, "Personal Privacy in an Information Society: What Are the Trade-Offs," can be used as a backdrop for TV presentations.

(Time-2:15)

When was the last time you filled out an application for a driver's license, a credit card, employment, or hospital care? What kind of information was asked for? Did you wonder why the information was being requested, or how it was going to be used? If you had these concerns, you might be interested in knowing that your concerns are being shared by others. With the increased use and sophistication of computers, as well as the passage of the Federal Privacy Act in 1974, questions about the collection, storage and release of data maintained on individuals have become a larger issue. Credit services, financial institutions, businesses, schools and colleges, employers, federal, state and local agencies and other record keeping organizations, along with consumers, are all taking a closer look at what should and can be done to protect the privacy rights of individuals. Many organizations are instituting their own privacy protection practices.

Do you know what is being done to protect the privacy of information contained in records about you? Ask questions about why information is collected. Think about how it is used, and who has access to it. Become informed about the privacy policies of organizations where your records are filed.

Have you checked on the accuracy of information in your credit files? You can write a letter or make an appointment to visit (insert name of major local credit-reporting agencies) to learn what information is available about you to information subscribers. After you have discovered how records kept on you are handled, then you can decide if the information you exchange for services is worth the privacy you may trade off in return.

(Time-1:30)

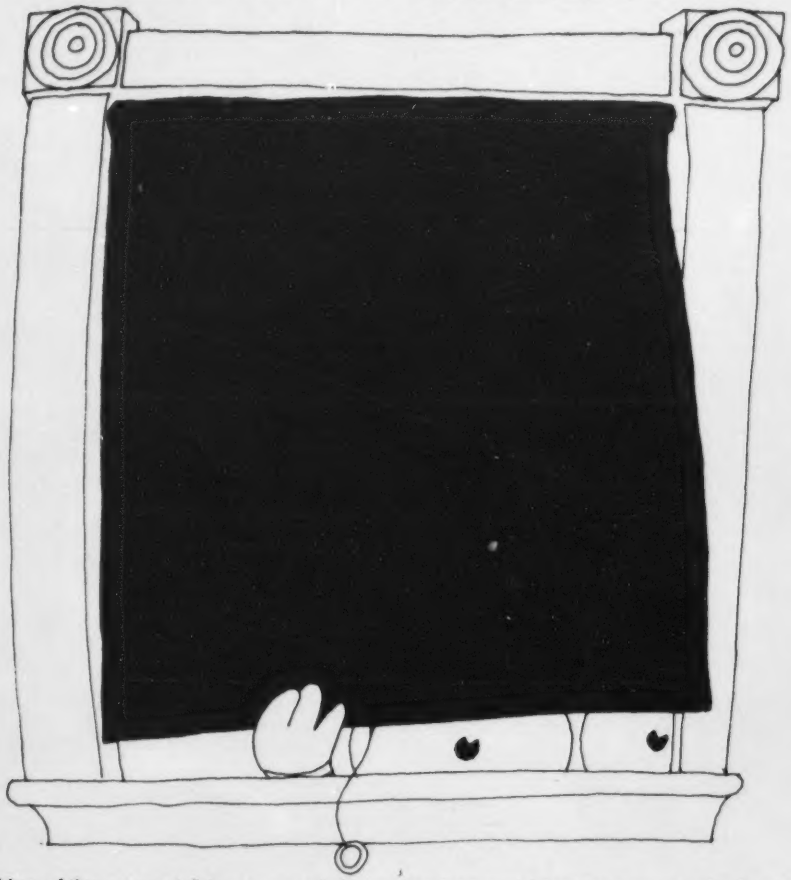
What do you consider to be an invasion of your personal privacy? Do you define privacy as "the right to be left alone?" Are you aware that as a parent, or individual over the age of 18, you have the right of access to your children's or your own school records? When your errors in credit relationships become more than 7 years old, are you aware that they must be removed from your files?

Your tax records are protected from disclosure to unauthorized parties, and if they are summoned for inspection, you must be informed. Access to your person-

nel and medical records has also been limited. Do you know that the Federal Government is required to protect its files on individuals from unauthorized access and misuse? Bill collection agencies are also prevented from calling debtors at late hours or repeatedly at work. Pending legislation aims to restrict the practice of computerized phone calls made for advertising purposes.

Privacy is one of our fundamental rights. Do you know how the new privacy laws affect you?

FILMSTRIP COMMENTARY



1.

2. Use of the computer to process information has provided the opportunity for us to receive services, such as single card charge systems, electronic check processing, and reduced rates on long distance telephone calls. These services have made our lives easier and more convenient.

3. But are the services received for revealing items of personal information worth the potential loss of control over what happens to your personal data?

4. Concerned individuals have started to ask: "Can my computerized records be stolen?" "Can my daily activities be monitored through the records of information I create every time I'm involved in a computerized transaction?" "Will a recorded error in personal judgment follow me for my entire life?"

5. The capabilities of today's computers for storing large amounts of information, combined with the ability to obtain records quickly and at low cost, have raised questions about how our privacy rights have been affected.

6. How do laws limit the amount and type of information maintained on every individual by employers, hospitals, schools, the government and other record-keeping organizations?

7. If information can be selected and dispersed anywhere immediately, what will control distribution of personal data?

8. How will the importance of information be weighted and evaluated?

9. Computer record keeping is helpful in so many ways that it is extremely important to make sure that its potential dangers for privacy invasion are limited.

10. "What can an individual do to insure personal information privacy in this age of electronic record-keeping?"

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Consumer Perspectives

...on information requests

Record-keeping organizations must be sure that certain personal information is necessary before they request it on applications.

Individuals should give only information essential to receiving specific services in return.

...on information uses

Information should only be used for purposes for which it is collected. Consumers need the right to choose whether or not they want their names used on mailing lists.

Credit-reporting agencies should keep accurate records of good credit information and follow correct procedures to remove negative credit information after 7 years.

...on safeguards

Computerized security systems may always be vulnerable, so strict guidelines on collection and release of personal information are essential to privacy protection.

The knowledge that individuals have a legal right to see their files puts some pressure on record-keeping organizations to keep information accurate and limited.

...on centralized records

Centralized record keeping creates the potential for organizations to have extensive information dossiers on every person. These records can be used to monitor behavior, impose rigid information-reporting requirements on citizens and potentially cause extensive personal damage in the event of a security break.

...on legal rights

Individuals should take advantage of their rights to see and correct the contents of their files, as granted by the Freedom of Information Act and the Privacy Act.

Existing laws do not adequately protect access to and disclosure of information kept on individuals in the files of both government and private organizations.

...on increasing technology

The continual development of smaller, cheaper and more efficient computer systems generates inevitable problems for information privacy, which individuals should help solve through awareness of and involvement in protecting their rights. Proper safeguards must come before, not after, both individuals and our society have been harmed.

Business Perspectives

...on information requests

Information needs vary among businesses. Businesses must individually decide what personal information requests are necessary to provide specific goods and/or services.

Credit is a privilege based on an individual's ability and willingness to repay debt. Individuals must provide businesses with enough personal information for these organizations to judge repayment potential, because if outstanding credit is not paid, prices of goods and services rise.

...on information uses

Businesses should be able to use information collected from their customers in marketing information about goods and services, unless an individual specifically requests not to receive such material.

Businesses contact credit-reporting agencies as a self-protective measure to be certain that the information individuals put on credit applications is accurate.

...on safeguards

File security is essential to the effective operation of most computerized record systems, but protection systems are initially expensive to install.

New issues of intrusiveness will be raised when electronic funds transfer systems are in widespread use due to the increase in consolidated records of personal financial habits.

...on centralized records

Electronic inventory and authorization systems reduce operating costs and speed selection, ordering and delivery of merchandise. Computerized procedures help businesses maintain an increased number of credit accounts more efficiently.

...on legal rights

Businesses question government attempts to regulate the use of information in private organizations.

Individual companies should develop policies specifying that only job-related information should be requested and recorded on their job applicants and employees.

...on increasing technology

Managers of record-keeping organizations must increase safeguards against misuse of information stored on individuals by installing computers in secure locations and carefully determining who sees the contents of records.

Government Perspectives

...on information requests

Duplication of information collected on individuals by government agencies often occurs. Separation of agency files helps promote privacy protection.

Government agencies need to know detailed information on individuals in the communities the agencies are charged to serve. Individuals must provide enough personal information to assure that communities receive due benefits from the Federal Government.

...on information uses

Checking individual records from one government agency against records from another government agency helps identify individuals who are receiving funds or services illegally from the government and information needed to measure the social performance of many federal programs.

The government has acted as a guardian of individual rights by establishing laws to regulate credit agency practices.

...on safeguards

Instructions in control programs can be designed to release statistical data for researchers while making identification of specific individuals impossible.

Individuals must take personal responsibility to safeguard themselves by requesting copies of files of information maintained on them by the government.

...on centralized records

If computerized records on individuals were kept in one central location, it would relieve the operating agencies of the financial burden of managing separate systems of duplicated records, standardize data collection techniques, and make data more easily available to researchers.

...on legal rights

Recent privacy legislation extends constitutional rights to protect access to information on individuals in federal files. Individuals have the right to prosecute violations of their privacy rights through the courts.

As the technologically related legal issues of privacy become better understood, new laws will be passed to protect constitutional rights.

...on increasing technology

New devices will limit access to computerized files to those with authorized clearance and protect information as it travels from one computer to another, but no device may ever be infallible against computer theft.

EARLY METHODS OF RECORD KEEPING

From ancient times, until the widespread use of the computer in the last few years, record-keeping about individuals was limited and local. Until the Industrial Revolution, the most complete records on individuals were kept by the community house of worship where information about one's birth, religious ceremonies, marriage and death were stored.

Records of sales and purchases of goods were often kept only in the minds of the buyer and merchant. Sellers usually extended credit on the basis of their personal knowledge of the customer's ability to pay. Even as recently as one hundred years ago, records provided information about little more than birth, death and land ownership.

School attendance and military service were not compulsory, so few records of that nature were kept. Even the community doctor maintained limited records because he had probably known most of his patients all of their lives. Only a few insurance records existed because very few people had this protection. Invasions of privacy were limited to the eyes, ears, voices and memories of one's neighbors.

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PRIVACY: CONSTITUTION TO COMPUTER

Privacy: A Fundamental Right

The concept of our basic rights to personal privacy grew from Articles IV and V of the Bill of Rights of the Constitution. In 1890, an article was published by Samuel Warren and Louis Brandeis in the HARVARD LAW REVIEW, raising concern over the possible invasions of privacy created by certain newspaper stories which gave the details of Mrs. Warren's social activities.

Warren and Brandeis, who saw these stories as nothing more than gossip, claimed in their article that "the individual has the right to control personal thoughts, sentiments and emotions, even when expressed to others in writing." They defined privacy as "control over intangible as well as tangible possessions, including one's personality." To Warren and Brandeis, the "right to enjoy life" and the "right to be left alone" were fundamental under the Constitution.

Privacy Rights Were Tested in Court

The issue of privacy received its first major test in 1902 when a photograph of a young woman, Miss Robertson, was used for advertising puposes without her permission. When she sued the milling company which used her picture to sell its flour, the court refused to award her damages because the judges claimed that laws had to be passed first to protect privacy before a judge could decide on a particular case. So the legislature created a statute prohibiting the use of the name or picture of a person for "advertising purposes or the purpose of trade without the subject's permission."

In 1905, the court ruled in favor of an individual's right in a privacy case for the first time. Mr. Pablo Pavesich sued an insurance company for using his picture in an ad without his permission. The Supreme Court of Georgia awarded him damages for the unauthorized use of his photograph. The court established a policy which is still in effect today: when you have your picture taken, the photographer owns the negative but you have full control over the use of any prints.

Privacy Was Easier to Protect in the Past

Personal information privacy was much easier to protect in the days before electronic record keeping. Tracing a phone call could take several days. To withdraw money from the bank, it was necessary to visit the branch where your account was located.

It was difficult for a bank to trace your credit history unless you supplied them with the necessary information. If you moved from one city to another, your reputation was more likely to follow you by word-of-mouth than through your records.

Errors were fairly easy to correct. As long as you could prove that an error had been made, chances were a simple call or visit to the bank, school, hospital or store where the error was recorded would get it removed from your file.

Computers Changed the Handling of Recorded Information

The U.S. Bureau of Census purchased the first commercially available computer following World War II. Early computers, used primarily to do ordinary arithmetic, were expensive, cumbersome and often broke down. Yet only four or five "computer generations" later, buildings of records of information can be stored in tiny capsules on "microchips," smaller than the size of the tip of your little finger.

B. Recommendations to Maximize Fairness

1. Reasonable procedures should be used to assure the accuracy, timeliness and completeness of information in records to avoid unfair decisions based on information contained in them.

2. Individuals should have the right of access to their records for the purpose of reviewing, copying, correcting and/or amending them as necessary.

3. Individuals should have some control over the collection and disclosure of their recorded information.

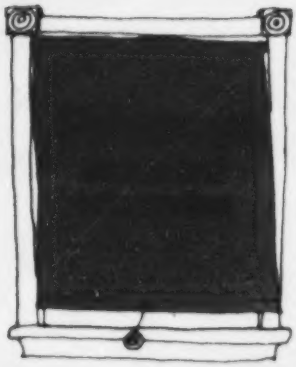
4. Information disclosed on individuals should include only what an authorized request specifies.

C. Recommendations to Fulfill Expectations of Confidentiality

1. A law should be passed to protect the individual's ability to resist any unreasonable requests for information contained in records.

2. Specific guidelines should be developed which would establish the types of recorded information organizations may voluntarily disclose to others without the individual's consent.

3. Rules for initiating or complying with government demands for access to records should be legally enforceable.



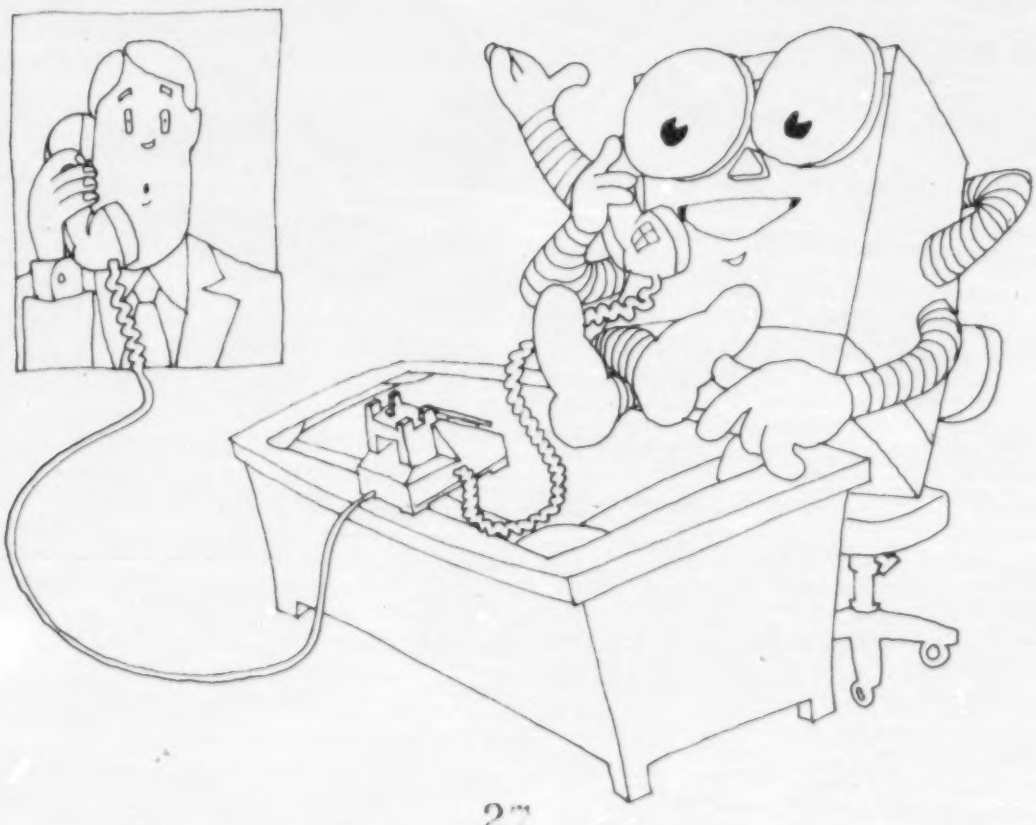
"THIS IS A RECORDED MESSAGE"

The Citizens Communication Center, a group of lawyers specializing in communications law, is urging the Federal Communications Center to establish rules to govern "automatic dialers."

If you've ever been called on the telephone by a sales person, you know that unwanted sales message calls can sometimes be annoying. Now, an automatic dialing device has been manufactured, which plays a tape recorded sales message to you, then automatically records your response. The "automatic dialer" can be programmed to call numbers in any numerical order, so even unlisted numbers can be dialed automatically. The recorded sales message is designed to sound like a real person. Some unwanted print advertising may be avoided by requesting the post office not to deliver it, but at present there is no way to avoid automatic calls short of disconnecting the phone.

Is the "Automatic Dialer" an Invasion of Privacy?

One of the recommendations of the Citizens Communication Center is to have the statement "This is a recorded advertising message" placed at the beginning of every call. This would protect the advertiser's freedom of speech and the consumer's freedom to hang up the phone.



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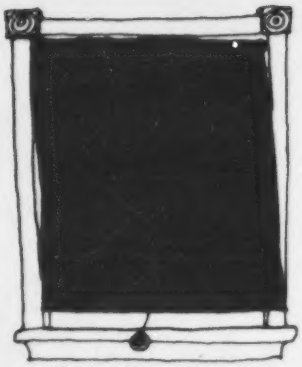


FEDERAL PRIVACY LEGISLATION

1966—The Freedom of Information Act

—provides citizens with the right of access to government information in federal agencies

—limits access to personnel and medical records

1971—The Fair Credit Reporting Act

—prohibits credit-reporting agencies from releasing negative credit information on consumers that is more than 7 years old

—places some control on the release of information collected for investigative reports.

1974—The Family Educational Rights and Privacy Act

—permits parents to have access to their children's school records

—permits students over 18 to see their own educational records

1974—The Privacy Act

—requires the Federal Government to protect its files on individuals from unauthorized access and misuse

1976—The Tax Reform Act

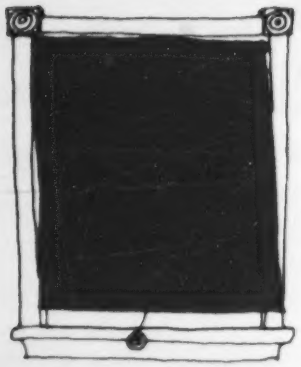
—limits disclosure of tax information to unauthorized parties

—requires that taxpayers be informed of summonses for their tax records

1977—Fair Debt Collection Practices Act

—restricts creditors from unjustly harassing debtors

Lawmakers continue to be actively involved in privacy legislation. At the close of 1977 nine Federal privacy bills were still under consideration. 407 State bills were also introduced on the privacy issue. Of these, 66 were enacted, 81 were dropped and 50 were carried over into 1978.



THE "ELECTRONIC TELLER"

Concern has been raised about maintaining the privacy of great storehouses of information kept on individuals on electronic bank records. Some banks have opened "electronic tellers" in bank branches and retail stores. A plastic identification card gives the individual access to the banking machine. After inserting the I.D. card into a slot, the consumer may deposit checks, withdraw money and pay bills. All of the transaction information is stored electronically in the bank's computing system.

At a few retail stores, individuals can even pay for purchases electronically, and get a 2-percent bonus added to their bank accounts for paying on the spot.

What Are the Advantages of the Electronic Funds Transfer System?

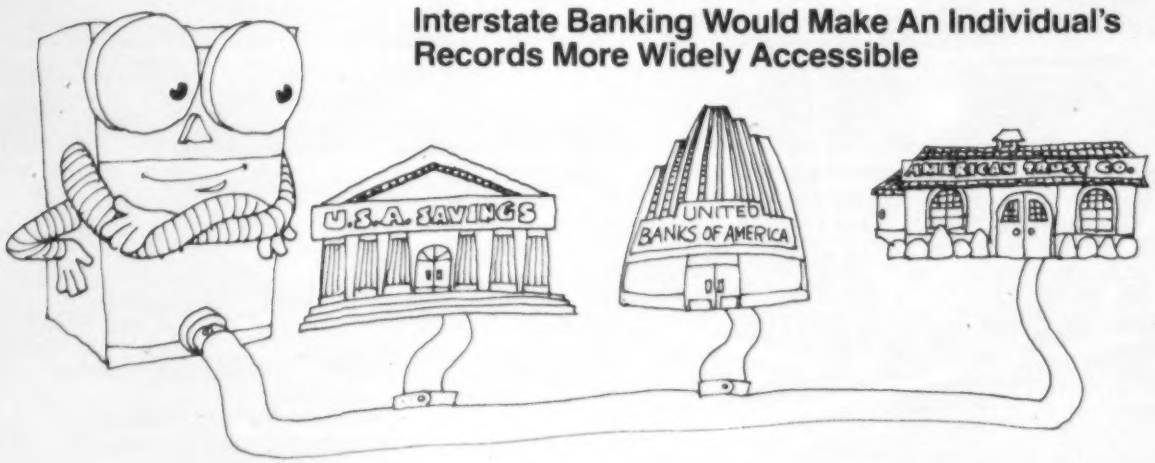
Banks are flooded with a deluge of paper work, which can slow down their effectiveness in meeting their patron's needs. Banks also need to save money on processing because these transactions have become expensive for both banks and consumers. For example, this year 27 billion checks will be processed. If 10 cents were saved on each processing, the savings would be in the millions of dollars. The electronic transaction takes only seconds, thus saving valuable time. Most electronic tellers operate 24 hours a day, seven days a week. Consumers are able to plan their schedules first, then do their banking, rather than planning their activities around bank hours.

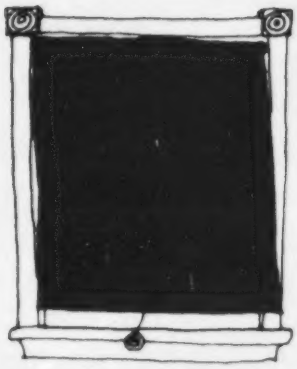
Electronic funds transfer systems are currently seen as very beneficial to senior citizens. Today, especially in major urban areas, retired individuals have been subject to attack from those who prey on the frailty of older people. With electronic banking, senior citizens can have their monthly social security checks sent directly to the bank to be deposited automatically. Since bank transactions can be handled electronically, older persons can gain added protection. For the elderly or handicapped individual who finds it difficult to get out, transactions can even be made by telephone.

The electronic funds transfer system may result in one more detailed information record maintained on the consumer. An individual's daily activities and buying preferences might possibly be monitored through records contained in an electronic bank statement.

Some bankers would like to see "anti-branching" rules ended to allow for electronic transactions to take place across state lines. While allowing consumers further banking convenience, interstate banking would also make individual bank records more widely accessible. A central recording terminal, which would store the records of many banks, has also been proposed.

Interstate Banking Would Make An Individual's Records More Widely Accessible





PRIVACY COMMISSION RECOMMENDATIONS

The Privacy Protection Study Commission was established by Congress in 1974 as a temporary agency to study privacy protection needs in federal, private, state and local organizations.

In its 1977 report, *Personal Privacy in an Information Society,* the Commission made 162 specific recommendations for policies to help clarify the record-keeping relationship between individuals and government and private organizations. These recommendations may be summarized under three categories.

A. Recommendations to Minimize Intrusiveness

1. The individual should be fully informed about what information will be collected before making a commitment to a relationship with a record-keeping organization.

2. Some specific types of information should not be collected at all.

3. Limitations should be placed on the methods record-keeping organizations use to collect information on individuals.

4. Choices of information collection agencies should be made with reasonable care by record-keeping organizations.

5. The government should establish agencies to receive complaints about improper methods of collecting information from people who become aware that their rights have been violated. These government agencies should bring these complaints to the attention of government policy makers whose job it is to establish policies to protect the privacy rights of individuals. However, the Commission is wary of having a government agency intervene in the flow of information in the United States, even when personal privacy is at stake because such government interference may "stifle democracy."

6. Individuals should define and apply their own values about personal information privacy when they make decisions to become involved with a record-keeping organization. It is possible that an individual's interest in personal privacy and the organization's request for information may conflict. It would then be up to the individual to decide if the information requested is worth the services received in return.

In our continuing effort to provide you with information on current consumer issues, this folder of INSIGHTS INTO CONSUMER ISSUES explores the emerging consumer issue of information privacy.

While computers have led to more convenience in our lives, some consumers are questioning whether the services received are worth the necessary trade-off of personal information.

To help you explore the privacy issue with others, we have included in this folder:

- Overview of the information privacy issue
- Consumer, business and government perspectives
- Six activities for individual, small or large group use and community outreach
- 10-frame filmstrip and commentary
- Poster
- Historical background on information collection practices
- Information sheets on privacy legislation
- Radio and TV script ideas

The material in this folder is designed as a resource for use in your consumer education programs. Please let us hear from you about how you use the material and about issues you would like to see explored in the future.

Insights is one of a group of educational publications and teaching units that JCPenney stores provide for consumer educators in their communities as a public service. If you are a consumer educator in a community where there is a JCPenney store, contact the manager of the store to ask for these materials. If there is no JCPenney store in your community, you may write to the Educational Relations Department of the J.C. Penney Company, Inc., 1301 Avenue of the Americas, New York, New York 10019 for a brochure describing how to obtain the materials.

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